

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 324 – SB 388

February 5, 2021

SUMMARY OF BILL: Requires each local education agency (LEA) to report students' grades using the uniform grading system for the purposes of application for postsecondary financial assistance administered by the Tennessee Student Assistance Corporation (TSAC). Establishes the grading scale that must be used for students in grades nine through twelve and applies to grades assigned to students in the 2021-22 school year and subsequent years.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - Exceeds \$2,954,200/FY22-23 and Subsequent Years/
Lottery for Education Account**

Other Fiscal Impact – Funding exceeding \$2,954,200 in FY22-23 and subsequent years will not be available for transfer from the Lottery for Education Account to the Tennessee Promise Scholarship Special Reserve Account.

Assumptions:

- The proposed legislation will require a different grading scale than the one currently adopted by the State Board of Education for the purposes of application for postsecondary financial assistance administered by TSAC.
- The proposed grading scale is as follows:
 - A: 90 to 100
 - B: 80 to 89
 - C: 70 to 79
 - D: 60 to 69
 - F: 0 to 59
- The current grading scale is as follows:
 - A: 93 to 100
 - B: 85 to 92
 - C: 75 to 84
 - D: 70 to 74
 - F: 0 to 69
- The Tennessee Lottery Scholarships that are dependent upon a grade point average (GPA) using the Uniform Grading Policy and an American College Testing (ACT) score are listed below:
 - HOPE Scholarship: 3.0 GPA or a minimum ACT score of 21;

- HOPE General Assembly Merit Scholarship: 3.75 GPA and minimum ACT score of 29; and
- HOPE Access Grant: 2.75-2.99 GPA and ACT score of 18-20.
- HOPE Aspire: 3.0 GPA or a minimum ACT score of 21 and gross income threshold of \$36,000 or less.
- Based on the most recent data from the Tennessee Education Lottery Scholarship (TELS) Summary Report, award amounts in 2019-20 for the four scholarships dependent upon GPA using the Uniform Grading Policy are listed below:
 - HOPE Scholarship: \$167,517,238;
 - HOPE General Assembly Merit Scholarship: \$42,545,301;
 - HOPE Access Grant: \$717,942; and
 - HOPE Aspire: \$84,636,702.
- The total award amount for Tennessee Lottery Scholarships dependent upon GPA for 2019-20 was \$295,417,183 (\$167,517,238 + \$42,545,301 + \$717,942 + \$84,636,702).
- It is assumed that a more lenient grading scale will lead to more students qualifying for Tennessee Lottery Scholarships. The proposed grading scale will first apply to grades to students in the 2021-22 school year; therefore, scholarship awards will first be impacted in FY22-23.
- It is estimated that the proposed legislation will increase the total award amounts distributed to qualifying students by a minimum of one percent.
- The total recurring increase in state expenditures from the Lottery for Education Account is estimated to exceed \$2,954,172 (\$295,417,183 x 1%) in FY22-23 and subsequent years.
- LEAs will be able to amend their policies in accordance with the provisions of this legislation during the normal course of business; therefore, any fiscal impact is estimated to be not significant.
- No change to the Basic Education Program.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Bojan Savic, Interim Executive Director

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